

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 NIC-01 SAJ-01 EB-11 TRSE-00

OMB-01 DRC-01 FEA-02 EA-11 HEW-08 STR-08 COME-00

TAR-02 HUD-02 AGR-20 /172 W  
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P R 301630Z JAN 74

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC PRIORITY 1348

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

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E.O. 11652: N/A

TAGS: PFOR, SW

SUBJECT: PARTY LEADERS OUTLINE POLICY

BEGIN UNCLASSIFIED. SUMMARY: OPENING THREE-DAY RIKSDAG  
GENERAL DEBATE, PALME AND OTHER PARTY LEADERS CONCEN-  
TRATED ON ECONOMIC ISSUES, PARTICULARLY THE MEASURES  
TO STIMULATE THE ECONOMY IN WAKE OF ENERGY CRISIS. IN  
FOREIGN AFFAIRS PALME CALLED ON SIGNATORIES OF PARIS  
AGREEMENT TO USE THEIR INFLUENCE TO BRING PEACE IN  
VIETNAM, AND HE REITERATED SUPPORT FOR RES. 242 IN  
MIDEAST. IN GENERAL, PALME TOOK INITIATIVE IN DEBATE.  
END SUMMARY.

1. IN FIRST DAY OF THREE-DAY WINTER GENERAL DEBATE,  
IN WHICH PARTIES OUTLINE POLICIES AND PROGRAMS FOR  
WINTER-SPRING RIKSDAG SESSION, PALME TOOK TOUGH,  
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FIGHTING STANCE ON DOMESTIC AFFAIRS AND A CAREFUL

APPROACH IN FOREIGN AFFAIRS. OPPOSITION CONCENTRATED ON ECONOMIC ISSUES AND CRITICISM OF GOVERNMENT'S HANDLING OF VARIOUS ISSUES, PARTICULARLY ENERGY CRISIS. JANUARY 31 DEBATE WILL BE SPECIFICALLY ON ENERGY CRISIS, AND FEB 1 SESSION IS SCHEDULED TO CENTER ON CONSTITUTIONAL REFORM.

2 PALME OPENED LEAD-OFF SPEECH WITH COMMENT ON PARIS PEACE AGREEMENT. ACCORDING TO EMBOFFS' NOTES, HE SAID: "VIOLATIONS OF PEACE AGREEMENT HAVE CERTAINLY BEEN FOUND ON BOTH SIDES, BUT NORTH VIETNAM AND PRG HAVE AN INTEREST IN SEEING AGREEMENT CARRIED OUT WHILE SAIGON TAKES THE OPPOSITE POSITION...THE SIGNATORY POWERS HAVE A CLEAR RESPONSIBILITY FOR PEACE IN VIETNAM. WE APPEAL TO SIGNATORIES TO USE THEIR INFLUENCE TO GET THE PARTIES TO OBSERVE TERMS OF THE AGREEMENT...WE SHALL NOT FORGET VIETNAM AND INTERNATIONAL PUBLIC OPINION WILL NOT FORGET VIETNAM."

3. ON MIDEAST HE WAS OPTIMISTIC ABOUT THE POSSIBILITIES FOR PEACE FOLLOWING TROOP PULLBACKS AND REITERATED SWEDEN'S SUPPORT FOR RESOLUTION 242. SECRETARY KISSINGER'S ROLE WENT UNMENTIONED.

4. FOCAL POINT OF DEBATE WAS GOVERNMENT'S ECONOMIC PROGRAM, WHICH PALME OUTLINED SUCCINCTLY IN A SHORT STATEMENT BEFORE HE GAVE HIS MAJOR POLICY SPEECH. (FULL REPORT ON ECONOMIC PROPOSALS AND REACTIONS IS UPCOMING IN SEPTEL TOMORROW.) GOVERNMENT'S STIMULATION PACKAGE PROPOSES:

A. AN EXTRA ONE-TIME PAYMENT OF CHILDREN'S ALLOWANCES, 200 KRONOR TO EACH CHILD.

B. A ONE-TIME SUPPLEMENT OF 243 KRONOR TO ALL PENSIONERS.

C. LIFTING OF VALUE ADDED TAX FOR HOUSING CONSTRUCTION, FOR HOUSES STARTED OR COMPLETED DURING 1974, A MEASURE DESIGNED TO ASSIST SAGGING BUILDING INDUSTRY AND CREATE NEW JOBS.

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D. APPROPRIATION OF 250 MILLION KRONOR TO SUPPORT ENERGY-SAVING INVESTMENTS.

E. CONTINUED SUBSIDIES OF PRICES ON BASIC FOODSTUFF, A TOTAL EXPENSE OF 1,000 MILLION KRONOR. TOTAL COST OF STIMULATION PACKAGE IS SET AT 2,800 MILLION KRONOR FOR 1974. PALME SAID THERE WILL BE

DEFICIT OF 11 BILLION KRONOR IN THE FY 1973-74 NATIONAL BUDGET AND SAME AMOUNT FOR 1974-75. OPPOSITION LEADERS, EXCEPT COMMUNIST, ALL SCORED PALME FOR NOT GOING ALONG WITH THEIR PROPOSAL TO REDUCE VALUE ADDED TAX AS BEST WAY OF STIMULATING ECONOMIC ACTIVITY AND ASSISTING HARD-PRESSED CONSUMER.

5. ALL PARTIES TOUCHED ON ANOTHER LIVELY POLITICAL ISSUE, I.E. WHETHER TO ADOPT THE NEW CONSTITUTION AS SCHEDULED. ALL PARTIES EXCEPT COMMUNISTS HAVE LONG BEEN COMMITTED TO SUPPORT NEW CONSTITUTION. LATELY CRITICISM OF PROPOSAL HAS COME FROM BOTH RIGHT AND LEFT, AND THERE IS GROUNDSWELL OF DEMAND FOR A REFERENDUM ON THE PROPOSED DOCUMENT. FIRDAY'S DEBATE WILL PERHAPS CLARIFY A RATHER CONFUSED PICTURE ON THIS ISSUE.

6 OPPOSITION LEADER FALLDIN COVERED THE WATERFRONT IN A RAMBLING SPEECH WHICH INCLUDED A FEW GENERALITIES ON FOREIGN AFFAIRS. FALLDIN SOUGHT TO HIT HARD ON THE UNEMPLOYMENT ISSUE, BUT PALME BRISKLY POINTED OUT CURRENT SITUATION IS BETTER THAN IT WAS IN THE FALL AND THE FUTURE WAS NOT FALLDIN'S TO FORETELL. END UNCLASSIFIED.

7. BEGIN LOU. PALME, STRONG AND ASSURED, STROVE WITH SUCCESS TO GIVE THE IMPRESSION THAT GOVERNMENT IS BUSY DOING GOOD THINGS IN ALL THE AREAS THAT CONCERN SWEDES MOST--THEIR POCKETBOOKS, THEIR SOCIAL WELFARE, AND THEIR SECURITY IN AN UNCERTAIN WORLD. HE PULLED OUT HIS USUAL ARRAY OF FAST EX TEMPORE QUIPS AGAINST ALL OF THE OPPOSITION LEADERS. TO HERMANSON'S ACCUSATION THAT OIL COMPANIES WERE RESPONSIBLE FOR HIGH OIL PRICES, PALME WONDERED WHY FINLAND PAYS THE HIGHEST PRICES FOR OIL IN EUROPE AND IT GETS MOST OF ITS OIL FROM THE SOVIET LIMITED OFFICIAL USE

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UNION. PALME WAS PARTICULARLY CAUSTIC ABOUT MODERATE (CONSERVATIVE) LEADER BOHMAN'S ANNOUNCED POLICY OF "CONFRONTATION" WITH THE GOVERNMENT. HE SAID THIS IS NOT A TIME FOR DIVISIVE TACTICS AND THAT ALL SHOULD PULL TOGETHER FOR GOOD OF COUNTRY. OLSEN

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## Message Attributes

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